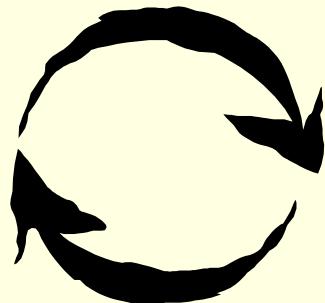




Human Resources

Building a positive, productive workplace

Labor Relations & Administration - Employment & Training - Compensation & Benefits





Human Resources

Managing Financial Resources

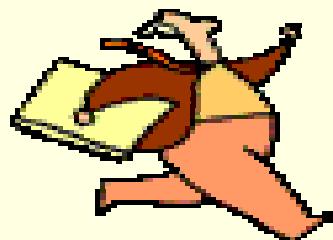


- Market-based compensation packages
- Thorough economic analyses
- Healthcare cost containment
- Regional cooperation
- Less reliance on consultant services



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Overall Challenges



- Changing economy
- Aging workforce
- Changing expectations – generations X and Y
- Compliance



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Labor Relations and Administration

What we do...

- Performance coaching, feedback, investigations
- Policy development
- Labor relations analysis, coordination and oversight
- Dispute resolution
- Contract and Personnel Manual administration
- Salary administration



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Labor Relations and Administration

Our challenge...

- Achieving maximum return on investments
- Maintaining competitive market position



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Labor Relations and Administration

How we do it:

- Rebalance labor expectations to current reality
- Administer policy oversight
- Enhance internal community
- Maintain market-driven focus



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Labor Relations and Administration

What we aren't doing:

Aggressively developing programs to maintain
Redmond's position as an employer of choice



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Labor Relations and Administration

How we measure success:

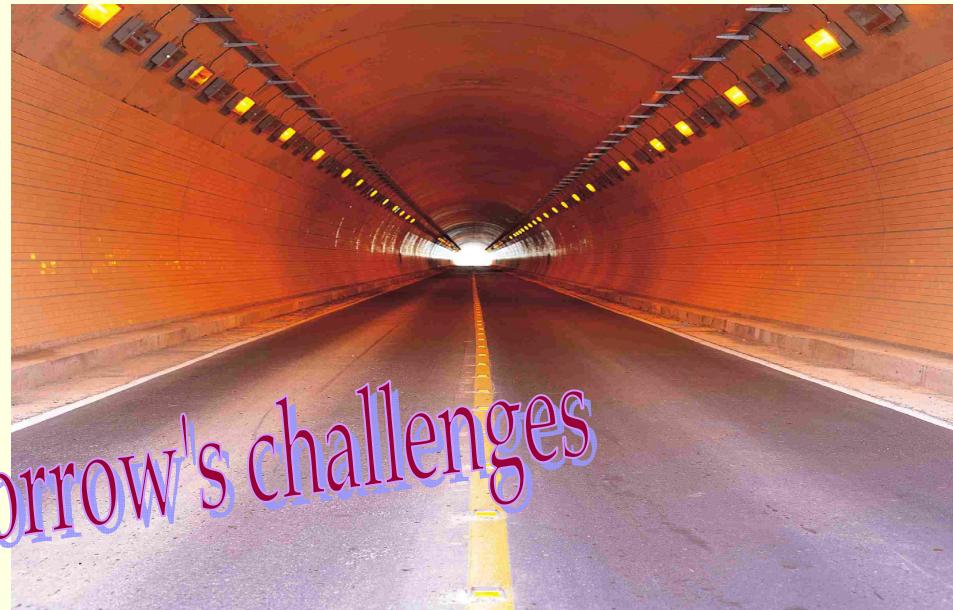
- Contributions to organizational objectives
- Maintaining a competitive position in the market
- Facilitation of best management practices



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Employment and Training

Preparing for tomorrow's challenges





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Employment and Training



What we do:

- Match people and jobs
- Develop and hone skills
- Recognize and reward performance



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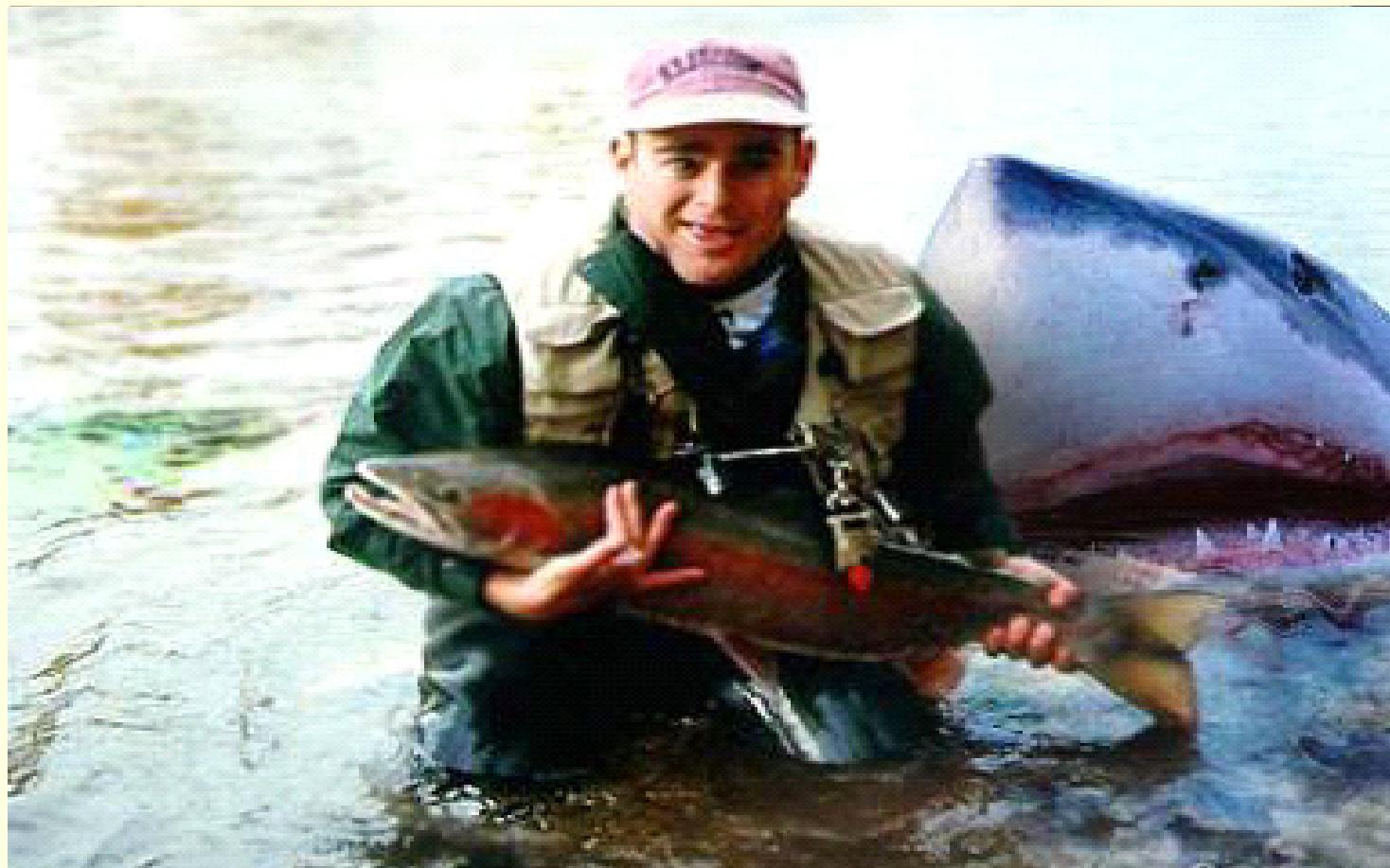
Employment and Training

How we measure success:

- Cost
- Time
- Participation
- Diversity



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Employment and Training



Future challenges:

- Cost of labor
- Economic recovery
- Demographic trends
- Worker expectations



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Employment and Training

Choice points:

- Workforce planning
- Candidate sourcing
- Employee development



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Compensation and Benefits



What we do...



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- Manage healthcare programs
- Determine and implement appropriate compensation packages
- Evaluate, along with Finance, the total cost of contractual changes



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Compensation and Benefits



How we measure
success...



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- Well spent compensation and benefits dollars

- Compensation and benefits programs that support organizational goals and strategies



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Compensation and Benefits



Economic Trends

Our challenge . . .



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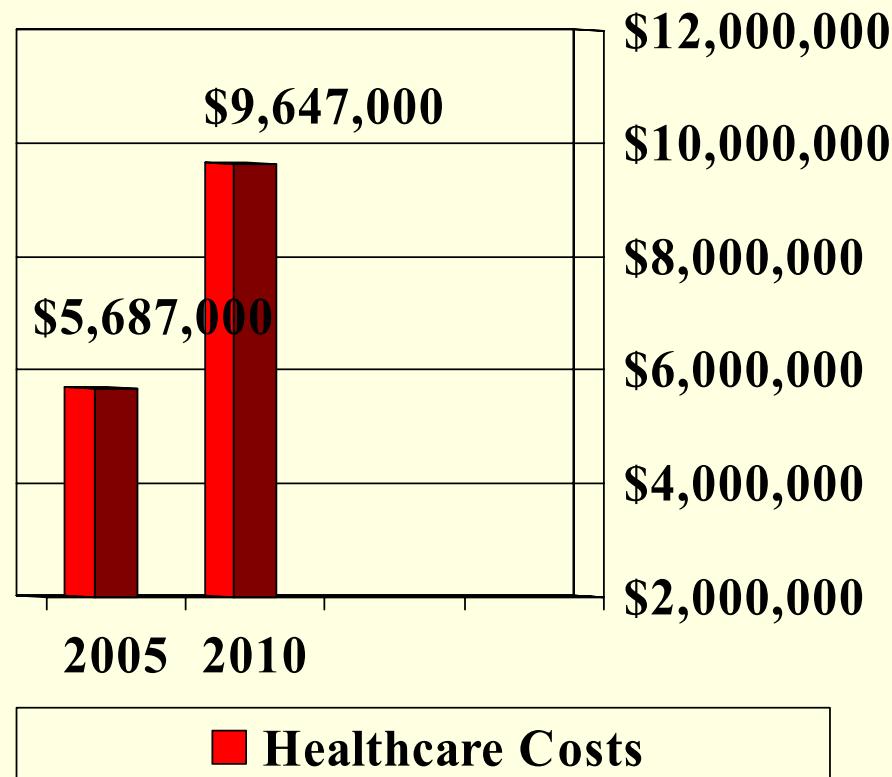
Healthcare costs

- 153% increase since 1998
- Estimated increase by 2010 is 293%
- Medical premiums and salaries combined in 2005 approximately \$54.3 million
- 68% of the total budget
- 11% annual increases next 5 years
- Healthcare costs will almost double by 2010





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What's driving increases in healthcare costs?

- Increasing costs for healthcare services
- Declining health



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Health Condition	2002 Percent Change from 1965	2002 Percent Change from 1994
Overweight a)	+46%	+16%
Obesity	+134%	+33%
Diabetes b)	+281%	+46%
Hypertension	N/A	+18%

a) Includes Obesity

b) All ages



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Compensation and Benefits



Question . . .



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How do we maintain a competitive compensation and benefits program when healthcare costs are escalating?

- Administrative changes
- Implemented premium cost sharing



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Compensation and Benefits



What we are not
doing . . .



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- Consumer driven healthcare programs
- Information and education programs
- Comprehensive wellness and disease management programs



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Compensation and Benefits



Demographic trends...



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- Aging workforce
- Changing household types



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Compensation and Benefits



Our challenge . . .



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- Flexibility in salary and benefits programs

- Developing non-financial incentives



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Policy Questions



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- At what level will the City fund employee pay, benefits, work environment and development opportunities?

How do we do so while ensuring Redmond continues to attract and retain talented, dedicated, professionals committed to serving the citizens of Redmond?



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- Should HR continue its focus on compensation, benefits and labor relations activities to help the City and its labor groups achieve a more realistic balance reflective of the current economic conditions?
- Is the City willing to maintain this focus and support programs to address the emerging demographic challenges?



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Together We Create a Community of Good Neighbors

